

Amber ESG Policy

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1. Introduction

This policy sets out Amber Capital UK LLP (“ACUK”) and Amber Capital Italia SGR SpA’s (“ACIT” and together with ACUK, “Amber Capital”, or the “Firm”) commitment and approach to integrating Environmental, Social and Governance (“ESG”) factors into the investment process as well as across the culture and operations of the Firm.

Amber Capital employs a value and event-driven investment approach, focused on European markets. Amber Capital’s investment strategy is well suited for ESG integration due to its philosophy of shareholder engagement, activism, and conviction that, in the long-term, companies that properly manage ESG risks and opportunities are better positioned to outperform those that do not. The investment team engages with companies and relevant stakeholders and endeavours to build trust with the goal of unlocking unrealised value.

Amber Capital believes that ESG is not only core to the investment process but also the Firm’s business culture and operations and we seek to demonstrate best practice in environmental, social and governance initiatives at a firm level.

For the sake of clarity, at the date of approval of the present Policy (January 2023) ACIT manages an umbrella closed Italian AIF and acts as delegated investment manager of third-party collective investment funds categorised as Art. 6 under Regulation (EU) 2019/2088 (“SFDR”). Consistently with the investment mandates of these products, the respective investment policies do not refer to an integration of risks and sustainability factors, nor is such integration currently required from ACIT by the relevant Management Companies of such collective investment funds.

2. ESG Committee

Amber Capital’s ESG culture has been developed by its managing partners, who maintain oversight and accountability of Amber Capital’s approach to ESG. Amber Capital’s ESG Committee consists of senior individuals representing a range of business areas including but not limited to the Head of ESG and members of the Investment Team, Legal and Compliance, Risk and Investor Relations. Meetings of the ESG Committee are convened at least quarterly and minutes from such meetings are recorded. Members of the Committee and details of the Committee’s mandate are defined in Amber Capital’s procedures.

3. ESG Integration Approach

This ESG Policy covers the approach to responsible investing for the majority of assets under the management of Amber Capital. The ultimate objective of including ESG factors in investment analysis and decisions is to manage risks and maximise returns. This is in line with the clients’ overall investment mandate to maximise returns in the long term.

Amber Capital’s investment approach has incorporated certain Environmental, Social and Governance factors from the outset, evaluating the financial impact of ESG risks to the extent reasonably practicable. Over time, the team has worked to formalise the consideration of ESG risk factors within the investment decision making process. A summary of this approach is provided below.

Due to the range of different products managed by Amber Capital, we have developed multiple different ESG integration tools which are deployed according to the matrix below, reflecting the suitability of the process as it relates to each investment strategy, as well as the regulatory obligations associated with certain funds.

Process	Applicable to:		
	Funds defined as Article 8 under SFDR	Funds defined as Article 6 under SFDR (or equivalent)	Single name vehicles / co-investment vehicles
ESG Research Process – Completion of ESG Metrics Assessment and Company Reviews	✓	✓	Case-by-case
ESG Assessment and Escalation	✓	✓	Case-by-case
Approach to Exclusions	✓ Binding policy	✓ General applicability	✓ General applicability
Engagement and Proxy Voting	✓	✓	✓ Primary tool
ESG Committee Role	Oversight and veto	Oversight	Oversight

3.1 ESG Research Process

ESG research forms a part of the broader investment research process. The responsibility for ESG research sits with the investment team and Committee, with ongoing dialogue between the two throughout the process. The Head of ESG is a member of the ESG Committee and the investment team and provides independent oversight in relation to ESG research and the engagement process, in line with Amber Capital’s ESG operating procedures.

ESG Research consists of two key processes:

1. ESG metric assessment, conducted for all new positions.
2. For the most material positions, a more in depth ESG company review is completed.

For new positions, ESG analysis is conducted in parallel with the completion of the investment case prior to investment, though occasionally, in time-sensitive investment scenarios, the full review may be completed post-investment.

For existing positions in the portfolio, the investment team and Head of ESG will monitor and update the ESG Company Review on an ongoing basis, incorporating any changes to ESG risks associated with the company.

3.2 ESG Assessment Framework and Escalation Criteria

The investment team and Head of ESG use ESG information gathered to assign an internal ESG risk score to each company.

- Scores assigned through the ESG metrics assessment are calculated based on proprietary weighting and scoring set for each metric based on materiality of the data point.
- Scores assigned through the ESG company reviews are assigned qualitatively taking into consideration the company's perceived ESG risks relative to its peers and in the context of the industry or sector in question.

A score on a scale of 1 to 4 is assigned to each company after assessment of each ESG area (overall ESG approach, Environmental, Social and Governance) using internally built scoring criteria and certain findings are escalated to the ESG Committee in line with Amber's ESG Procedures.

3.3 Approach to Exclusions

Amber Capital believes that being an active shareholder and a responsible investor should result in companies with superior ESG profiles and characteristics in the long-run, ultimately maximising value for Amber Capital's clients and investors.

Whilst Amber Capital does not currently systematically exclude names from its investment universe, we have identified an exclusion list where we seek to avoid names whose revenue is generated primarily from any of the following sectors: private prisons, cluster munitions/other mass destruction weapons, predatory lending, tobacco production, pornography and cannabis for recreational use. This exclusion list is binding in the case of Article 8 Funds.

Where specific sector-based exclusions are determined by regulators, these are formally incorporated into offering documents and are built into Amber Capital's compliance systems and controls which prevent trading on specifically excluded names.

Amber Capital may be required to comply with certain sanctions in particular regions, which are built into compliance systems and controls accordingly.

To the extent that investors request specific exclusions to be applied, Amber Capital will consider these requests on a case-by-case basis.

3.4 Stewardship

A link to Amber Capital's Shareholder Rights Directive II ("SRD II") disclosures and UK Stewardship Code statement can be found here: <https://www.ambercapital.com/disclosures>

3.4.1 Engagement

Amber Capital believes integration of shareholder engagement activities into its investment strategies can contribute to achieving sustainable long-term returns. Engagement is an integral part of the investment process. Additional information can be found in the SRD II disclosures (<https://www.ambercapital.com/disclosures>).

3.4.2 Proxy Voting

Both AC UK and ACIT have adopted a Proxy Voting Policy. The Proxy Voting Policy adopted by ACUK can be found here: <https://www.ambercapital.com/disclosures>

The Proxy Voting Policy adopted by ACIT is available upon request.

3.5 Approach to Sustainability Outcomes

Whilst Amber Capital seeks to avoid adverse sustainability outcomes and considers sustainability risks as a part of the ESG risk analysis process, it is not currently Amber Capital's policy or objective to seek specific sustainability outcomes.

4. Industry Affiliations and Initiatives

Amber Capital believes that participation in industry bodies demonstrates our commitment to responsible investment, assists our stewardship efforts and promotes ESG disclosures. To this end, Amber Capital is affiliated with the following initiatives:

4.1 PRI

Amber Capital is a signatory of the UN-supported Principles for Responsible Investing (PRI) since 10th June 2020. The PRI is fast becoming a global standard for investment managers' ESG alignment. Through its association with the PRI, Amber Capital is committed to adhering to the six Principles for Responsible Investing:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

Amber Capital will report annually to the PRI on the Firm's responsible investment initiatives, activities and achievements and seeks to meet the standards expected by the PRI in doing so. Amber Capital may share this reporting with investors upon request once available.

4.2 International Corporate Governance Network (ICGN)

Amber Capital is a member of the ICGN. The ICGN, founded in 1995 at the instigation of major institutional investors, represents investors, companies, financial intermediaries, academics and other parties interested in the development of global corporate governance practices.

4.3 Task Force for Climate-related Financial Disclosures (TCFD)

Amber Capital is a public supporter of the TCFD. The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to

understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

4.4 Say on Climate initiative

Amber Capital is a supporter of the Say on Climate initiative and encourages all listed companies to publicly recognize the urgency of acting on climate by taking a fair share of responsibility in the transition to a net zero carbon economy. Amber Capital is convinced that that all market participants need to implement appropriate measures to manage climate risks and therefore stimulate companies to disclose a clear strategy for reducing their carbon footprint and to submit their Climate Transition Action Plan to shareholders' vote. Periodic reporting on the implementation of the Plan should also be submitted to vote. Amber Capital is willing to work with companies to manage their GHG emissions, engaging on the most appropriate and effective disclosure and initiatives to be taken, which might consist of supporting and/or filing AGM resolutions (whenever applicable/possible) – to require such disclosure.

4.5 CDP (Carbon Disclosure Project)

Amber Capital is a signatory of the Carbon Disclosure Project (CDP), a non-profit organization that promotes transparency and awareness on environmental impacts at the investors, companies, public authorities and territorial entities level.

4.6 Standards Board for Alternative Investments (SBAI)

In November 2022, Amber Capital once again became a public signatory of the Standards Board for Alternative Investments (SBAI), formerly known as the Hedge Fund Standards Board. The SBAI is an international standard-setting body for the alternative investment industry and sets the voluntary standard of best practices and practices endorsed by its members.

4.7 The Investor Agenda / Global Investor Statement to Governments on the Climate Crisis

Amber Capital is a public signatory in support of the Global Investor Statement to Governments on the Climate Crisis.

4.8 Investor Statement (proposed by Investor Alliance for Human Rights) in support of mandatory corporate human rights and environmental legislation in the EU

Amber Capital is a public signatory in support of mandatory corporate human rights and environmental legislation by the EU.

5. Amber Capital Firm ESG Policy

In addition to the ESG processes deployed within the investment process, Amber Capital believes it is important to operate its own business in line with industry best practice. As such, Amber Capital has implemented a series of ESG-related business initiatives and will continue to monitor ways in which the Firm can improve its internal operations from an ESG perspective. The ESG Committee is responsible for such ESG initiatives at Firm level and is constantly seeking to improve and enhance Amber Capital's own culture of sustainability.

6. ESG Training

The ESG landscape is constantly evolving and Amber Capital is keen to ensure that all staff are educated and aware of ESG developments across the investment universe. To that end, training is provided to all staff on ESG matters on an annual basis, or more as may be deemed necessary.

Additionally, at each quarterly meeting, the ESG Committee assesses whether the investment team and ESG Committee has the required capabilities to conduct necessary ESG research and will determine whether additional training and/or resources are required.

7. Conflicts of Interest

From time to time, potential or actual conflicts of interest may arise as a result of implementing responsible investment approaches or engaging with investee entities. At all times, Amber Capital recognizes its fiduciary duty to our investors and acts in the best interest of our clients. Any potential or actual conflicts that arise are handled in line with our Conflicts of Interest Policy.

8. Policy Maintenance

8.1 Policy Breaches

In the event of any breaches of the ESG policy, a summary of these breaches would be provided to the appropriate internal Governance board at the Firm for review.

In the event that there is a material breach of the ESG Policy, this would be escalated internally to senior management and the ESG Committee and would be communicated to clients via our regular newsletter or by direct contact.

8.2 Policy Review

The ESG Policy is reviewed at least annually.